Postal Regulatory Commission
Submitted 6/4/2012 1:41:25 PM
Filing ID: 82862
Accepted 6/4/2012

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network
Rationalization Service Changes, 2012 Docket No. N2012-1

RESPONSES OF COMMISSION-SPONSORED WITNESS WEED
TO UNITED STATES POSTAL SERVICE INTERROGATORIES
(USPS/PRCWIT-T1-1 THROUGH -26)
(June 4, 2012)

Attached are the responses of witness William Weed (PRCWIT-T-1) to the Interrogatories of the United States Postal Service (USPS/PRCWIT-T1-1 through -26) filed May 22, 2012. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

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USPS/PRC-T1-1

The analysis presented in Table 5 of PRCWIT-T-1 involves only Labor Distribution Codes (LDCs) 11 through 18 work-hours.

(a) Do you agree that there are many additional work-hours in other LDCs that could be saved by site consolidation?

(b) Did you attempt to analyze potential savings associated with other LDCs beyond those for which analysis is presented in either PRCWIT-T-1 or PRCWIT-2? If so, please describe those efforts and produce the results of any such analysis.

Response

a) I agree that there are additional work hours in other LDCs that could be saved by site consolidations as identified in N2012-1.

These are summarized in Table 1 of my testimony for Mail Processing under the following categories:

- Supervisor Cost Change
- Plant Management Cost Change
- In-Plant Support Cost Change

There are also labor savings identified in N2012-1for the following (non-Mail Processing) categories:

- Transportation (MVS to HCR Conversion)
- Building Maintenance and Custodial Labor
- Maintenance Labor

b) My analysis was limited to what was in PRCWIT-T-1 or PRCWIT-T-2.

USPS/PRC-T1-2

On page 11 of PRCWIT-T-1, you state: "I included the N-TPH volume data in this summary because the data exists in the data files." Please explain how these data were used and what effect they had on your results and conclusions.

Response

The N-TPH volume data is displayed in Exhibits 5-6 as well as in Table 6 of my testimony, and is for informational purposes only. This volume data was not used in any of my results or conclusions.

USPS/PRC-T1-3

On page 18 of PRCWIT-T-1, you state: "After the AMP is completely implemented, the start of the 'after-cost-period' begins and continues for a one-year period."

(a) Please define what you mean by "completely implemented."

(b) Do you agree that operational data for a period of time after implementation of a significant operational change may reflect that a transitional learning curve is taking place and that operational performance may improve over time after implementation is initiated?

(c) Please explain the relationship between the "post-implementation review" period in the USPS Handbook PO-408 (USPS Library Reference N2012-1/3 and the "after-cost period" to which you refer?

Response

a) The start of the Post-Implementation Review (PIR) per the PO-408.

b) Agreed. In my judgment, this period of time is usually short, usually less than one month. This short period of a transitional learning curve would not substantially impact the PIR process.

c) The term ‘after-cost-period’ was meant to be used interchangeably with Post Implementation Review (PIR). Page 25 of the PO-408 states:

> “*The PIR measures actual data before and after AMP implementation. Additionally, the PIR compares the proposed savings or costs to the actual savings or costs after AMP implementation*.”

USPS/PRC-T1-4

Please refer to PRCWIT-T-1 at Table 10 and Exhibits 11 through 13. Please explain your understanding of the impact of overall volume declines on the AMP consolidation results that you analyze there.

Response

TPH declined approximately 9.1 percent for the 19 final PIRs as shown in Exhibit 12. This decline represents a loss of overall mail volume. The impact of this decline in volume is that fewer overall work hours will be required and used by mail processing. My analysis did not reflect any impact as a result of this volume drop.

I would note that the PIR process also did not reflect this drop in volume. This omission of the volume decline results in the appearance of savings from consolidation, while in fact, part of the savings could actually be attributed to the volume reduction.

USPS/PRC-T1-5

Is it your understanding that the AMP operational consolidations listed in Table 9 of PRCWIT-T-1 involve either the elimination of or a substantial reduction in the overnight service standards for First-Class Mail originating in or destinating at the affected facilities? If so, please explain the basis s for that understanding.

Response

Per the AMP studies, some sites showed minor upgrades and downgrades due to the differences in coverage areas between the plants involved. However, there was no "elimination or a substantial reduction" in FCM Overnight service in them.

USPS/PRC-T1-6

On page ii, footnote 1 of PRCWIT-T-1, you provide the following reference http://www.canadapost.ca/cpo/mc/aboutus/corporate/postaltransformation/default.jsf Retrieved April 19, 2012

For the benefit of those who are unable to get the link to function, please provide a library reference containing a copy of the documents and/or materials expected to be accessible via the link.

Response

The link worked at the time my testimony was filed. Canada Post has since changed the links to Postal Transformation on their web site, www.canadapost.ca. The following link worked on June 1, 2012.
http://www.canadapost.ca/cpo/mc/aboutus/corporate/postaltransformation/news.jsf

Postal Transformation is also discussed in their most recent annual report available at the following link:

http://www.canadapost.ca/cpo/mc/assets/pdf/aboutus/annualreport/2011_AR_complete_en.pdf

USPS/PRC-T1-7

(a) Would it be fair to characterize Canada Post Lettermail™ and USPS First- Class Mail as functionally or roughly equivalent product offerings? If you do not agree, please explain fully.

(b) Please review the materials accessible at the link below and confirm that the service standard for Canada Post Lettermail™ ranges between two and four days (exclusive of the Northern Provinces and remote centres). In doing so, state whether these service standards were in effect during your work with Canada Post.

See: http://www.canadapost.ca/cpo/mc/personal/productsservices/send/lettersdocuments.jsf

Response

a) I agree that these are functionally or roughly equivalent product offerings.

b) I confirm that that the service standard for Canada Post Lettermail™ ranges between two and four **business** days. Your question does not recognize that the link specifically defines the service standards in business rather than calendar days.

By contrast, USPS service standards are based on calendar days. Using business days, a letter mailed on Friday in a 2-day service standard scenario would be committed to Tuesday delivery. Under the USPS calendar day basis, the committed delivery day would be Monday. Simply stated, Canada Post does not count Saturdays and Sundays in determining delivery day commitments. Also note Canada Post does not deliver on Saturday.

These were in effect during my work with Canada Post.

USPS/PRC-T1-8

(a) As a result of your work with the Postal Transformation Plan with Canada Post, did you reach any qualitative or quantitative conclusions regarding whether establishment of an overnight service standard for Lettermail™ would increase the cost of operating the Canada Post mail processing, transportation and/or delivery networks?

(b) If your response to part (a) is not unconditionally negative, please state all such conclusions and provide copies of any related analysis that you published or otherwise conducted.

(c) If you otherwise have an opinion regarding whether establishment of an overnight service standard for Lettermail™ would increase the cost of operating the Canada Post mail processing, transportation and/or delivery networks, please state your opinion and its underlying basis.

Response

a) No. None of my work involved the evaluation of service standards.

b) Not applicable based on unconditionally negative response in (a).

c) In my opinion, the impact on cost due to establishment of an overnight service standard in Canada Post would depend on the scope of the overnight service area. Canada Post operating plans already achieve overnight delivery for a large portion of their mail. They call this segment “Day minus One” (D-1) to reflect that it is delivered one day earlier than the 2 day standard. There would be little cost involved in changing this D-1 coverage area to OND.

The remaining segment of their 2-day service standard would not be delivered overnight under their current operating plans. Operating plans and transportation are designed to meet the two day time frame. Time and distance would preclude this from becoming OND, much like scenarios in the USPS where OND commitments could not be met. There would be additional cost should operating plans and transportation be put in to meet an OND commitment for their entire current 2-day service area.

However, even for the portion of delivery where OND can be met, other processes might have to change, resulting in additional cost, to meet a high standard of OND service performance. So while in general I don’t believe there would be additional cost to meet some OND delivery, both the scope and expected level of service performance would impact the cost of such a change. The cost impact would depend on scope of changes necessary to meet service coverage and performance expectations.

USPS/PRC-T1-9

(a) As a result of your work with the Postal Transformation Plan with Canada Post, did you reach any qualitative or quantitative conclusions regarding whether establishment of an overnight service standard for Lettermail™ would require additional capacity requirements for the Canada Post network?

(b) If your response to part (a) is not unconditionally negative, please state all such conclusions and provide copies of any related analysis that you published or otherwise conducted.

(c) If you otherwise have an opinion regarding whether establishment of an overnight service standard for Lettermail™ would require additional capacity requirements to the Canada Post network, please state your opinion and its underlying basis.

Response

a) No. None of my work involved the evaluation of service standards.

b) Not applicable based on unconditionally negative response in (a).

c) In my opinion, the determination of whether the establishment of OND service for Canada Post would require additional capacity would be dependent on the scope and service performance expectations for OND. However, as explained in the previous question (USPS/PRC-T1-8), their operating plan and equipment are already set up to achieve overnight delivery for a portion of their network. In general, their Transformation Plan provided sufficient capacity to meet their current operating plan.

USPS/PRC-T1-10

(a) As a result of your work with the Postal Transformation Plan with Canada Post or otherwise, are you aware whether Canada Post performs delivery point sequencing of letter mail volume?

(b) If your response to part [a] is affirmative, to your knowledge, what percentage of letter mail processed by Canada Post is delivery point sequenced?

(c) To your knowledge, what are the current general delivery point sequencing operating windows for Canada Post?

Response

a) Canada Post has begun implementing delivery point sequencing (DPS) as an integral part of their Transformation Plan. They are roughly in the middle of their DPS timeline.

b) I do not have any data on the status of their percentage of DPS.

c) Canada Post's operating window for delivery point sequencing is on Tour 1, generally from 11:00 PM to 7:00 AM.

USPS/PRC-T1-11

Please refer to page 33 of PRCWIT-T-1 and your alternative processing window for retaining overnight First-Class Mail delivery. What is your estimate of the cost savings associated with your alternative?

Response

There are two components to estimating cost savings associated with our alternative:

1. Savings derived from operational changes due to the increased DPS window within current operations.
2. Savings derived from opportunities created from the additional capacity within a plant due to the expanded window. This would be either a reduction of DBCSs within the facility, or the opportunity to consolidate another facility's destinating operation using the excess capacity created.

As explained in my testimony, my responses to these questions, and as explained in my associate witness Matz's testimony, the elimination of inter-SCF overnight will expand the DPS second pass window from approximately 4 hours to 7 hours. This will reduce the DBCS requirements for the DPS processing.

The savings would be captured through fewer DBCSs being used for DPS through either each DBCS processing additional DPS sort plans or through the creation of bigger DPS sort plans. Either scenario should result in increased DPS operational productivity. My estimate is that DPS productivity should be able to increase from 5 to 10 percent as a result of this change. I estimate the range of savings to be approximately $48 to $92 Million as shown in the table below:

DPS Savings Range	DPS Vol (1000)	DPS Hours	DPS PPH	DPS Hour Saving	DPS $ Savings
FY 2010 MODS	199,213,986	23,212,750	8,582		
5% PPH Increase	199,213,986	22,107,381	9,011	1,105,369	$47,972,986
10% PPH Increase	199,213,986	21,102,500	9,440	2,110,250	$91,584,791

The expansion of the DPS window would also allow for converting 5-Digit ZIPs to DPS that are currently processed to the carrier route level or eliminating the need for CSBCS operations. I did not include this in my estimate of savings.

This reduction in DPS peak requirements will lead to a reduction in the size of the DBCS fleet. DBCSs would either be removed from service in the current plant, or gaining volume from a consolidation will be worked into them. In the latter, the DBCS equipment would be removed from the consolidated (losing) plant.

As stated in witness Matz's response to **USPS/PRCWIT-T2-10,**

> *I should have clarified that this one third referred to DPS requirements. There will be a period at the end of Tour 3 where Originating, Incoming Primary, and DPS operations are all operating concurrently. My estimate did not consider the potential impact on DBCS requirements of this overlap. This would have to be determined at the individual plant level. My estimate of total DPS fleet reductions would be between 15 and 25 percent*.

The total savings projection that would come from the elimination of DBCSs and consolidations would have to be derived from the sum of the individual plant plans. Based on a general understanding of the complex issues involved, I estimate the total DBCS fleet could be reduced between 15 and 25 percent based solely on the elimination of the Inter-SCF OND requirement. Using a figure of $120,300[1] dollars per DBCS eliminated, this equates to an annual savings of $107-$177 Million.

DBCS Savings Range	DBCS's	Savings
FY 2010 MODS	5,916	
15% Reduction	-887	-$106,754,220
25% Reduction	-1,479	-$177,923,700

Other than the savings identified above, I cannot separate out the savings from our alternative from the total N2012-1 consolidation plans. Simply stated, I cannot determine where a consolidation becomes directly linked to the elimination of Inter-SCF OND versus where it could be without the elimination.

[1] See Marc A. Smith UPSP-ST-3, page 2-3, DBCSs go from FY2010 mid-year total of 5,916 to 3,689. Mail processing Equipment maintenance labor savings $281.4 Million, parts and supplies $53.4 Million. Total $334.7 Million. Assuming 80% savings is due to the 2227 reduction in DBCSs equates to $120,300 yearly savings per DBCS.

USPS/PRC-T1-12

(a) In your work with the Postal Transformation Plan with Canada Post, did you analyze the assignment of Delivery Bar Code Sorters (DBCS) sort schemes to determine the quantity of DBCS required on either a network- wide or facility-specific basis?

(b) If your response to part (a) is not unconditionally negative, provide please state all such conclusions and provide copies of any related analysis that you published or otherwise conducted.

Response

a) No, I did not determine the quantity of DBCSs needed on either basis.

However, I did perform some analysis to validate operating plan scenarios under peak day conditions. In this analysis I treated DBCS quantity as fixed per the Transformation Plan deployment schedule.

b) I concluded that their deployment plans were appropriate. There was no related analysis that was either published or otherwise conducted. Any materials related to the analysis I performed are covered under non-disclosure regulations with Canada Post.

USPS/PRC-T1-13

At page 13, lines 7-13 of PRCWIT-T-1, you state:

> In a recent study I performed for CPC, I evaluated the feasibility of utilizing the tray handling system, motorized power vehicles, or manual transport to move trays from the final sweep of the sequence run (DPS) to the dock.
> As one would expect, the row of machines closest to the dispatch dock had a much lower material handling cost than machines that were farther from the dock or required elevator transport in order to reach the dock. The study determined that the cost-driving variable was distance, and the larger the facility, the greater the distance to get to the dock.

(a) Please provide a copy of the study referenced above.

(b) Please explain how the length of the operating window can affect the feasibility of using a tray handling system?

Response

a) Any materials related to the analysis I performed are covered under non-disclosure regulations with Canada Post.

b) The length of operating window does not generally affect the feasibly of using a tray handling system. Other factors, such as total tray volume, tray volume at dispatch times, distance, dispatch window and dispatch separations, impact the feasibility.

USPS/PRC-T1-14

When your testimony was filed, did you have sufficient information with which to determine whether the "alternative … to continue to process local originating mail in the current operating plan window for the outgoing primary" described in section IV.B of your testimony:

(a) would achieve a greater consolidation of the Postal Service's mail processing network as compared to the operational changes proposed by the Postal Service in this docket?

(b) would achieve greater cost savings than the operational changes proposed by the Postal Service in this docket?

Response

a) I did not attempt to do an analysis to make such a determination.

Regardless, it would not result in greater consolidation as defined in this docket. The elimination of OND creates additional consolidation opportunities as opposed to the alternative I identified.

b) It would not achieve greater cost savings than identified in this docket.

USPS/PRC-T1-15

At PRCWIT-T-1, page 27, line 16 in describing mail processing in 1987, you mention or use the phrase "automated selector/segment."

(a) Would it be correct to assume that you are referring to “automated sector/segment" processing? If not, please fully describe the role of "automated selector/segment" processing and its outputs or results.

(b) Do you recall what percentage of USPS letter mail was subjected to sector/segment sortation in 1987? If so, what is your understanding of how that figure compares to the percentage of USPS letter mail today that is delivery point sequenced?

Response

a) Correct. “selector” was a typographical error.

b) In 1987, sector segment was just starting implementation. Nationally, it was probably less than 3 percent. Today, almost all machineable letter mail is in DPS. I do not have the actual current data for the percentage of DPS.

USPS/PRC-T1-16

(a) What is your understanding of the relative proportion of First-Class Mail consisting of single-piece letters in (calendar or fiscal year) 1987 compared to any of the most recent several calendar or fiscal years?

(b) What is your understanding of the relative share of letter mail requiring outgoing sortation currently relative to 1987?

Response

a) Generally, my understanding is that the relative share of FCM Presort has increased while Single Piece FCM has declined. In FY1987, 28.3 percent of FC letters were "Workshare."[2] In FY2011, 67.1 percent of FC letters were "Presort."[3]

b) Generally, my understanding is that the relative share has declined. I do not have any data to quantify my understanding.

[2] *See* USPS Pricing, Domestic Mail Volume History 1970-2008, July 9, 2009.
[3] *See* Docket No. ACR2011, Public Cost and Revenue Analysis, December 29, 2011.

USPS/PRC-T1-17

In PRCWIT-T-1, at page 28, lines 13-15, you state:

> The smoothing technique was to schedule employees at the earliest possible start time and not run out of mail, then to structure employee start-time groups.

(a) Please explain this technique fully.

(b) Would you agree that the later the start time, the greater the risk of failing to finish running all the mail on time? If you do not agree, please explain.

(c) Would you agree that the earlier the start time, the greater the risk of idle workers?

Response

a) The scheduling technique that I refer to was originally developed during the USPS PIP scheduling and staffing teams during the late 1970's. They were later added to the POSKED and SITEMETA models as scheduling algorithms to the programs. The technique - whether it is done manually or by a computer program - is the same process and can be applied to a manual or machine operation:

   a. Build a model with mail arrival profiles for FHP by operation/process, processing rates, flow to next operation/process, minimum and maximum staffing/machine constraints, CET times, and CT times.

   b. Run the model to determine the "unrestrictive" requirements of staffing/machines by time period.

   c. Assign employee/machine earliest possible start time(s) to process volume without running out of volume. Repeat this step until all volume is processed by CT by scheduling employee/machine at later start times.

   d. Group together start times by combining the earliest start times with later start times to minimize the number of planned start times within a tour structure.

   e. Repeat this process for "what if" analysis based on Average Day Volumes, Peak Day Volumes, and less than Average Day Volumes to determine exposure to idle time and potential operating plan failure (OPF). Identify the amount of flexibility (in terms of supplemental employees/machines or overtime) that is required to reduce the idle time

and OPF risk.

b) I cannot agree with such a broad over-simplification. The degree of risk depends on a number of interrelated factors.

c) I cannot agree with such a broad over-simplification. The degree of risk depends on a number of interrelated factors.

USPS/PRC-T1-18

At PRCWIT-T-1, page 27, lines 2-10, you state:

> Witness Neri discusses a number of mail processing scheduling and staffing opportunities that will exist in the new operating windows. He cites "…smoothing the processing profile…" and states, "As processing windows are expanded and the workload is balanced across the mail processing day, the Postal Service would be able to manage processing operations effectively, match work-hours to workload, and plan for peak load issues." [fn. omitted] These scheduling and staffing management opportunities are not new to the USPS, and I would question why the USPS does not apply scheduling and staffing tools to current operations, rather than wait for a change in the processing window.

Do you agree that longer processing windows would generate opportunities to gain such efficiencies? If you do not agree, please explain.

Response

I do not agree to this statement because it is too simplistic and over generalized. Simply stated, my answer is "it depends."

Longer windows in and of themselves do not generate opportunities to gain such efficiencies. A number of factors would also have to positively correlate with the longer windows to gain such efficiencies. There is no reason that the Postal Service cannot gain efficiencies in current operations by "being able to manage processing operations effectively, match work-hours to workload, and plan for peak load issues" within present operating windows. The Postal Service does not require a longer operating window to do these things.

There can be situations where the operating window is too short, relative to other factors, and where lengthening the operating window would create the opportunity for additional improvements. I agree that the current DPS window is too short and that opportunities for improvement are created by lengthening it.

USPS/PRC-T1-19

Please refer to page 28, lines 10 to 19 of PRCWIT-T-1

(a) Please identify the PRC docket and the testimonies and/or library references in which the tools referenced at lines 15-17 were presented.

(b) Please provide copies of the studies referenced at lines 12-13 that serve as the foundation for the assertion that "these idle-time studies generally identified 3 to 5 percent productivity improvement opportunity." In doing so, indicate the postal facilities, operations and time periods covered in these studies.

Response

a) The sentence on lines 15-17 should read: "These tools were designed to schedule a full seven days, not just a single day, as was presented in Docket No. N2012-1."

b) I do not have copies of the studies that I referred to in my testimony. I am going on my recollection of Scheduling and Staffing teams that I participated on in the 1970's and 1980's. In addition to idle-time studies, there was a national program called IPRATE that analyzed MODS productivity data and provided planning rates to be used in the scheduling and staffing model that were generally in the range of 3-5 percent. There was at that time a USPS Management Instruction that supported the establishment of planned productivity rates in Scheduling and Staffing studies.

USPS/PRC-T1-20

At PRCWIT-T-1, page 26, line 10 to page 27, line 2, you state:

> At best, he provided a hypothetical example of how much idle time would be available if one were to arbitrarily use a single data point (busiest hour)[25] to determine the number of employees required to work during each eight-hour tour.

Does your Table 11 on page 24 calculation of TOTAL staffing for the hours 2200 to 600 confirm or support the notion that the busiest hour "determine the number of employees required to work during each eight-hour tour"?

Response

No, Table 11 does not confirm or support the notion that the busiest hour "determines the number of employees required to work during each eight hour tour". My statement above was not intended to establish this notion.

My quoted statement above is that if you used the busiest hour as a reference point to establish the highest number of employees, an estimate of idle time could be derived from it by comparing that high point to the actual for other hours. It was only intended as a component of a methodology of idle time estimation, not a methodology of determining the number of employees "required" for an eight hour period.

USPS/PRC-T1-21

At page iii of PRCWIT-T-1, you state:

> In 1987, I initiated the Saturday Area Mail Processing (AMP) of for all Western Washington Plants into the Seattle Plant. In 1988, I initiated the outgoing secondary concentration center AMP by consolidating all Outgoing Secondary operations for four Western Washington plants into the Seattle Air Mail Center (AMC).

(a) Please provide your recollection of the nature of the analysis conducted and decision-making process involved in determining the feasibility of the Saturday consolidation to which you refer and describe your role in the decision-making process. In doing so, indicate your recollection of whether the USPS Handbook PO-408 Area Mail Processing guidelines then in effect were employed and your understanding of whether the term "Saturday AMP" is commonly used to refer to operational consolidations that do not involve use of the USPS Handbook PO-408 feasibility review process.

(b) Please describe the operations that were consolidated in the course of the 1987 Saturday AMP to which you refer or to Saturday AMPs in general. In doing so, explain your understanding of the expected source(s) of operational efficiency and cost savings.

(c) What conditions prompted and enabled implementation of the 1987 Saturday mail processing consolidations to which you refer? In responding, state your recollection of Saturday mail volume relative to other days of the week.

(d) Where an overnight First-Class Mail service standard applies, please confirm that a key factor in determining the feasibility of a Saturday AMP is the status of Sunday as a non-delivery day. If you do not confirm, please explain.

(e) Please state your understanding of any factors, including overnight service standards, that could make implementation of the same operational consolidations (as are involved in a Saturday AMP) infeasible during other days of the week.

(f) Please state your recollection of the nature of the 1988 "outgoing secondary concentration center AMP" described at lines 4-6 and whether it involved an application of the USPS Handbook PO-408 or any changes in service standards.

Response

a) I was the Director, Operations Support for the Seattle Field Division at the time that this change was initiated. My role in this self-directed initiative was that I was responsible for the team to develop the plan, collect the data, analyze the data, identify the employee changes, identify the transportation changes and oversee the implementation of the change.

   As I recall, we followed the PO-408 guidelines which were then in effect and which also required us to submit the changes to the transportation schedules and distribution responsibilities from one facility to another to the DNO office. As I recall, when this change was made, the term "Saturday AMP" was not common. My recollection was that we were the first to implement this change.

b) The cancellation and outgoing processing of Saturday collection mail and mail from acceptance units from SCFs Everett, Tacoma, and Olympia were performed at the Seattle Plant. By eliminating Saturday processing of collection mail at these three plants, the plants were able to establish Monday through Friday fixed schedules for full-time regular employees in these operations supplemented with Part-Time Flexible (PTF).

c) My recollection was that Saturday volumes were 40-50 percent of the average weekday volume. The added volume to the Seattle Plant increased the Saturday volume to be close to an average Monday-Friday day. The capacity was available.

d) Confirmed.

e) Factors which might make it infeasible to consolidate facilities as they are involved in a Saturday AMP during other days of the week, in my opinion, are plant capacity (such as equipment, dock availability and space) and overnight service standards.

f) As I recall, the notification requirements as outlined in the PO-408 Handbook were followed, since this initiative involved distribution changes and transportation changes. There were no changes in service standard.

   The outgoing secondary consolidation of Everett, Seattle, Tacoma, and Olympia into the Seattle AMF was for all originating First Class and Priority letters, flats and parcels. All automated, mechanized, and manual outgoing two-day and three-day volume that could not be justified on a primary holdout was sent to the Seattle AMF for re-handling. All secondary operations at Everett, Seattle, Tacoma, and Olympia were eliminated.

Each of these originating facilities were required to consolidate, on their primary operations, outgoing secondary separations that would flow to a pre-defined Seattle AMF secondary sort plan for automated, mechanized, or manual. For example each originating facility would make up a working “high-states” and “low-states” on their automated primary that would flow to a “high-states” or “low-states” BCS secondary program at the Seattle AMF. This concentration of volume on a single machine eliminated bundles or light trays being sent to a destinating facility.

At the same time, we were able to give a greater depth of sort, rather than just the ADC level. For example, we make up on the “high-states” program every automated Western Region site. This concept was a precursor to the AADC concept. The result was that Seattle Division achieved the highest originating ODIS scores for two and three days at the time.

USPS/PRC-T1-22

In your PRCWIT-T-1 analysis to determine DBCS usage by hour, incoming primary and outgoing both end at 23:00 in Tables 16 and 17.

(a) Please explain how incoming primary sortation can end without having time to process the last of the local mail from the outgoing primary operation?

(b) Please explain why the DBCS requirements associated with your proposed alternative (which retains more overnight delivery) in PRC WIT- T-1 Table 17 (of 2,659) are lower than what you have estimated as DBCS requirements for the Postal Service's proposal in Table 15 (3,253)?

Response

(a) On page 33 of my testimony, lines 13 through 16 I stated that the current operating plan window for the typical plant would remain at 11:00PM. This was based on USPS-T-4 page 13, Figure 5: Current Operating Plan, which shows Outgoing Primary and Incoming Primary to end at 11:00PM.

(b) Table 16 and Table 17 on pages 33 of my "Corrected PRCWIT-T-1" filed on 4-25-2012 were in error. The original filing of "PRCWIT-T-1" on 4-23-2012 had the correct table, but the wrong Library Reference source name. The revised page 33 with the correct tables and library source name follows.

Table 16 – ADV Alternative DBCS Processing Plan

Based on Average Daily Volume FY 2010

Total DBCS run by Hour of Day Tour-1/2 using 3165 machines					
Hour		Automation Letters			
From	To	INP	OUT	INS	TOTAL
7:00	8:00			0	0
8:00	9:00			0	0
9:00	10:00			0	0
10:00	11:00			0	0
11:00	12:00			0	0
12:00	13:00			0	0
13:00	14:00			0	0
14:00	15:00	974		0	974
15:00	16:00	974			974
16:00	17:00	974	961		1,935
17:00	18:00	974	961		1,935
18:00	19:00	974	961		1,935
19:00	20:00	974	961		1,935
20:00	21:00	974	961		1,935
21:00	22:00	974	961		1,935
22:00	23:00	974	961		1,935
23:00	0:00			2,937	2,937
0:00	1:00			2,937	2,937
1:00	2:00			2,937	2,937
2:00	3:00			2,937	2,937
3:00	4:00			2,937	2,937
4:00	5:00			2,937	2,937
5:00	6:00			2,937	2,937
6:00	7:00			2,937	2,937

Source:PRCWIT-LR-1 Savings (Pub Ver), Auto Ltr Sheet

Table 17 – Peak Alternative DBCS Processing Plan

Based on Peak Day Factors Applied to FY 2010 ADV

Total DBCS run by Hour of Day Tour-1/2 using 3165 machines					
Hour		Automation Letters			
From	To	INP	OUT	INS	TOTAL
7:00	8:00			360	360
8:00	9:00			360	360
9:00	10:00			360	360
10:00	11:00			360	360
11:00	12:00			360	360
12:00	13:00			360	360
13:00	14:00			360	360
14:00	15:00	1,169		360	1,529
15:00	16:00	1,169			1,169
16:00	17:00	1,169	1,490		2,659
17:00	18:00	1,169	1,490		2,659
18:00	19:00	1,169	1,490		2,659
19:00	20:00	1,169	1,490		2,659
20:00	21:00	1,169	1,490		2,659
21:00	22:00	1,169	1,490		2,659
22:00	23:00	1,169	1,490		2,659
23:00	0:00			3,165	3,165
0:00	1:00			3,165	3,165
1:00	2:00			3,165	3,165
2:00	3:00			3,165	3,165
3:00	4:00			3,165	3,165
4:00	5:00			3,165	3,165
5:00	6:00			3,165	3,165
6:00	7:00			3,165	3,165

Source:PRCWIT-LR-1 Savings (Pub Ver), Auto Ltr Sheet

USPS/PRC-T1-23

At PRCWIT-T-1, page 26, lines 4-7, you state:

> I would not try to make too many detailed conclusions from the other percentage differences between volume and hours because of the data assumptions. As stated above, spreading the total volume among the machine's overall start and stop time created the volume percentage profile. This means that the volume processed is averaged over lunch periods, while the work-hour data excludes the lunch periods.

Your Figure 1 on page 26 shows a significant peak in the percentage of volume between 3 a.m. to 5 a.m. Is it your view that the "spreading of total volumes among the machine's overall start and stop time" would tend to suggest that the percentage of volumes sorted between the hours 3 a.m. to 5 a.m. have been overstated?

Response

It is not my view that the volumes have been overstated between the hours of 3:00 a.m. and 5:00 a.m. As I stated on page 25 of my testimony, the volume processed profile for automation letters is from Figure 11 on page 28 of witness Neri's testimony.

USPS/PRC-T1-24

On pages 25 and 26 of PRCWIT-T-1, you discuss the implications of the differences between the (percentage of) workhours and volumes in Figure 1 on page 26.

(a) Do you agree that for hours during which the percentage of volume exceeds the percentage of workhours, higher processing productivity is generally obtained? If you do not agree, please explain.

(b) Do you agree that the Figure 1 indicates (omitting tour 2) that the highest productivity is during the high volume hours of 3 a.m. to 5 a.m.? If you do not agree, please explain. If you do agree, does this suggest excess staffing in the rest of the hours of tour 1?

Response

a) I do not agree with the premise as stated. In Figure 1, the hourly volumes were calculated from the Start and Stop times of the machine runs. Thus, these are derived hourly volumes that do not reflect the actual volume worked or on-hand volume during that hour.

I interpret the question to imply the following underlying concept:

> *If volume on hand during an hour is higher than the capacity for that hour, is productivity generally higher?*

Under this premise, the answer is generally yes. If an operation never runs out of mail, there is no idle time. While idle time can be mitigated through workroom floor management – scheduling breaks, moving employees, etc. – not having to deal with running out of mail generally leads to higher productivity. For example, I agree that having all DPS on-hand at the start of the DPS run would lead to higher productivity.

b) I do not agree that Figure 1 shows that the highest productivity is during the high volume hours of 3:00 a.m. and 5:00 a.m. As explained above, Figure 1 hourly volumes are derived (from the average volume spread between the start and stop times), as opposed to actual hourly values. As such, I do not agree that this suggests excess staffing in the rest of the hours in Tour 1.

I do agree that the second pass run of DPS is the most productive period on the DBCSs. The mail that is being run is very 'pure' from a machineablility and readability standpoint. Each piece has been through at least two automated handlings already. All mail is at the machine and staged to be continuously fed. Employees are not scheduled for lunches or breaks during this period. There is an urgency to finish the second pass in order to meet the dispatch time.

However, just because this period is very 'productive,' I cannot make any other interpretations about excess staffing or relative productivity of other time segments on Tour 1. For example, if an employee takes a break during an hour, this is the least productive hour because the break is charged to workhours of the operation. As discussed in my testimony on pages 25 and 26, set-up and pull-down are also examples that impact the notion of hourly productivities.

USPS/PRC-T1-25

At PRCWIT-T-1, at page 29, lines 6 to 12, you state:

> Using the data for the automated letter processing that was presented in Table 11 above, I converted the work hour by hour data into number of automated letter machines that are required to process automated letter mail over a 24-hour period. This is a Rough Order of Magnitude (ROM) macro analysis and is provided to visually display the differences between the three alternatives, using the FY2010 base data and looking at the total machine requirements as if there was only one plant.

(a) Please confirm that one reason you refer to your approach as "ROM" is that that you assume all sorting is performed at one site? If you do not confirm, please explain. In discussing the implications of this "one-site" assumption, please explain whether they include a tendency to either understate or overstate DBCS requirements.

(b) Is another reason for your ROM characterization that your analysis makes no distinction between the types of DBCS -- including types such as Delivery Barcode Sorter w/Input Output Sub-System (DIOSS) and Combined Input Output Sub-System (CIOSS)? If you do not confirm, please explain.

(c) Is your PRCWIT-T-1 determination of DBCS run by hour in Tables 12-17 based on consideration [of] the various types of DBCS? If so, please specify the numbers of DIOSS and CIOSS needed.

(d) Is it your view that the Postal Service would generally use CIOSS and DIOSS in performing Delivery Point Sequencing?

(e) If your calculations had made the distinctions on DIOSS, CIOSS, as well as remaining DBCS and did not use DIOSS and CIOSS in DPS sorting – how would that have affected your estimates on total DBCS required?

(f) Has your determination of the amount of DBCS run per hour, in Tables 12-17 considered the need to do DPS for an entire 5-digit or post office on one DBCS machine? That is, did your determination of DPS requirements consider the specific assignment of DPS schemes to machines? If not, what are the implications of not considering this constraint?

Response

a) Confirmed. The "one-site" is meant to mean the sum of all plants' total usage. This was not an effort to determine absolute requirements of equipment.

b) This ROM of all plants makes no distinction between DBCS types. I used the total number of DBSCs as quoted in the testimony of Marc Smith (USPS-T-9) page 13 where he states "the new network would require 3,165 DBCS as compared to the FY2010 mid-year total of 5,916…"

c) No

d) It is my understanding that the CIOSS machines are not generally used for DPS and the DIOSS are used when needed for DPS.

e) Tables 12-17 made no distinctions on DIOSS, CIOSS, or DBCS for processing DPS. Doing so would change the number of DBCSs in Table 17 that could be assigned to INS by the number that would not be available for DPS processing during tour 1 and shift the shortage to tour 2. It would change the number assigned to INS in Table 16 if the number of machines not available for DBCS processing was greater than 228 (3165-2937). It does not change any of the data displayed in Tables 12-15. It would not change the total number of 3,165.

f) No. The implication of not considering specific assignment of DPS schemes assignments is that the total number of 3,165 DBCS's might be understated.

As I stated on page 34 of my testimony, the data are presented at a macro-level, and "…plant level modeling of current individual plants and possible plant consolidation should be used with local plant arrival profiles, local plant operating plans to define equipment requirement, and Intra/Inter OND opportunities on a seven-day schedule." I would add that the original automation equipment requirements were based on individual site specific data.

USPS/PRC-T1-26

At PRCWIT-T-1, page 33, lines 13-14, you introduce an "alternative … to continue to process local originating mail in the current operating plan window for the outgoing primary." With respect to this alternative, please indicate whether you conducted each action listed below?

(a) Mail processing plant modeling and potential plant consolidation modeling in connection with local plant mail arrival profiles.

(b) Mail processing plant modeling and potential plant consolidation modeling in connection with local plant operating plans.

(c) Mail processing plant modeling and possible plant consolidation modeling in connection with intra/inter overnight delivery opportunities on a seven-day schedule.

Response

For reference, I stated on page 34, lines 6-10:

> *"Again, this is only a feasibility review at the macro-level. In order to fully evaluate this alternative, plant level modeling of current individual plants and possible plant consolidation should be used with local plant arrival profiles, local plant operating plans to define equipment requirements, and Intra/Inter OND opportunities on a seven-day schedule."*

My intent was to point out that more detailed analysis and modeling is required at the plant level to fully evaluate scenarios and alternatives.

In response to the questions above:

a) I did not conduct this action.

b) I did not conduct this action.

c) I did not conduct this action.